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*File*

ATTN : Chief, Intelligence Information Staff  
THRU : [REDACTED] 25X1A9a  
Chief, Industrial Division  
Chief, Military Economics Branch

31 January 1957

Interrogation Report PKA Phase III No. 107, 26 December 1956,  
500th MI Gp, APO 613

## I. Background

In the referenced Interrogation Report the subject demonstrated considerable knowledge of the North Korean defense budget and the budgeting procedure of the North Korean Army. (NKA)

## II. Requirement

1. In discussing the items that make up the North Korean defense budget the subject listed a considerable number of items such as pay, travel expenses, construction, and equipment repair. However procurement costs for major equipment items such as AFV, aircraft, vehicles and ordnance were not listed. It is requested that the subject be asked if the procurement costs of major equipment items are included in the defense budget and if not how are such procurement costs budgeted.

2. Communist countries have often been accused of appropriating funds for the military and then hiding this amount in a budget category other than the defense budget. It is requested that the subject be asked if all funds used by the NKA are allocated from the defense budget, and if the NKA receives funds from sources other than the defense budget, what are these sources and how great are these funds.

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### Distribution:

Orig. # 1 - Addressee  
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